

Iowa Medicaid Enterprise “Endeavors Update”



A Communications Effort to Strengthen Partnerships

Chester J. Culver, Governor
Patty Judge, Lt. Governor

Iowa Department of Human Services
Charles J. Krogmeier, Director
Jennifer Vermeer, Medicaid Director

Special Points of Interest

- News about **hawk-i**
- Medicaid Projections
- IME New Projects Series
- Understanding HCBS Waivers Series

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Iowa Medicaid Director's Column: Welcome

As we approach the changes in state government that will happen in January, I want to take the opportunity to welcome incoming DHS Director Chuck Palmer and thank outgoing DHS Director Charlie Krogmeier. We welcome the opportunity to work with Mr. Palmer as we strive to meet the challenges of delivering health care to an expanding number of increasingly health challenged lowans while balancing the realities of tight budgets. To Director Krogmeier, thank you for

your service and your commitment to serving vulnerable lowans. I have enjoyed serving for you and have admired your ability to grasp the complex issues we face and provide the leadership necessary to engage and advance our large and critical organization. In other news, I want to share with you the fact that once a year the Iowa Department of Human Services recognizes employees for their work in a "Length of Service" awards ceremony. Several individuals from the

Iowa Medicaid Enterprise were recognized this year. Alisa Horn, Annette Miller and Sue Stairs were recognized for 25 years of service. Patti Ernst-Becker was recognized for 30 years of service. These individuals collectively have over 100 years of service to the State of Iowa. I want to thank them and publicly state how critical these individuals are to the fabric of the work that we do at Iowa Medicaid.





Online Option to Pay *hawk-i* Premiums Now Available

"Finally!" is the anecdotal reaction from families involved in the Healthy and Well Kids in Iowa (*hawk-i*) health care program when they heard the news that premiums can now be paid online. Families participating in the program were notified in October about the

option and the service went live on November 1st. The reaction from families has been positive. Parents now have an alternative option to paying by check or money order. They are also pleased that payments are posted to their accounts quicker with this new option. Families

can go online, pay and receive confirmation of receipt within a matter of minutes. It is fast and easy to set up an account and families can choose to make one-time or recurring payments.

The *hawk-i* website has answered Frequently Asked Questions about the payment option at the website below;

http://www.hawk-i.org/en_US/epayments.html

hawk-i Board Releases Annual Report

The *hawk-i* Board met on December 20th in Des Moines to consider a list of items and review the 2010 Draft Annual Report. Anita Smith gave the Administrator's Report and explained that *hawk-i* enrollment (as of November 2010) is running ahead of projections. It had been projected that 29,158 children would participate; actual enrollment figures have reached 30, 193. However, according to Smith, "enrollment

has not been as robust as anticipated" in the *hawk-i* Dental Only program, a new program in 2010. Enrollment in the Dental Only program was 2,959 actual (as of November 2010) as compared to 7,205 projected. The Board discussed the possibility of the need for more outreach and awareness to encourage families to participate. The Board heard presentations about electronic payments (see related story) and medically

necessary orthodontia as well. The Board reviewed the draft "Annual Report of the *hawk-i* Board to the Governor, General Assembly and Council of Human Services for State Fiscal Year 2010", requested some minor changes and approved the report for submittal. Watch for the final report to be posted on the DHS website in mid-January. The next meeting of the *hawk-i* Board is scheduled for February 21.

Understand the Program:

hawk-i is health care coverage for uninsured children of working families. No family pays more than \$40 per month. *hawk-i* provides health and dental coverage to children under age 19 whose countable family income is between 133% and 300% of the Federal Poverty Level, who are not eligible for Medicaid and who are not covered by a group health plan or other health insurance. As of June 30, 2010 there were 27,573 children enrolled in the program.

Health Benefits Exchange Public Meetings Held

Joel Ario, Director of the U.S. Health and Human Services Office of Health Insurance Exchange kicked off the first of five regional meetings hosted by the Interagency Health Benefit Exchange Working Group in Des Moines on December 13th. He told a full room of about 100 interested people that a "partnership with federal government and the states"

will be a key ingredient to making the exchanges work well for everyone involved. He urged listeners that "transparency is critical to the operations of the Exchanges." He described the Exchanges as an "organized market place" that will bring together information and provide "one stop shopping" for consumers. Ario reported that 48 states and the Dis-

trict of Columbia are currently moving forward with exchange planning. Iowa is currently utilizing a \$1 million planning grant to provide educational materials and collect information from citizens. Medicaid Director Vermeer spoke as part of a panel and focused on the challenges and strategies that the Iowa DHS has identified in our roadmap to

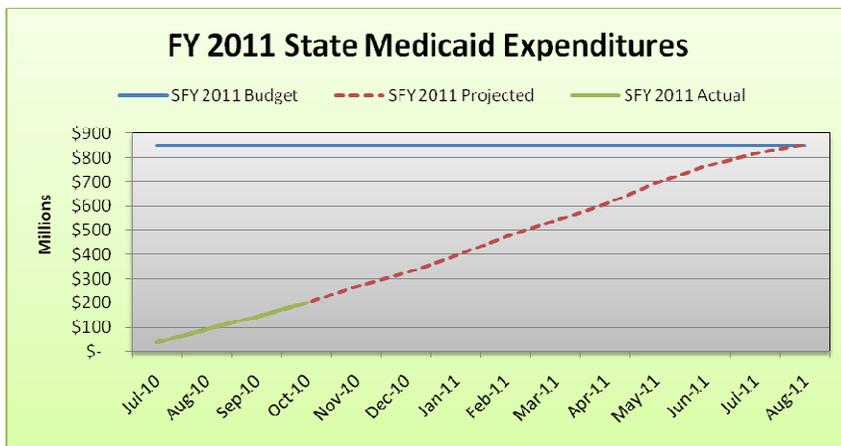
implementation of the Medicaid Expansion required under the Affordable Care Act and the need to achieve interoperability with the Exchange so that eligible Iowans can apply for and enroll in Medicaid benefits.

Medicaid Projections: FY 11 Deficit Revised Downward

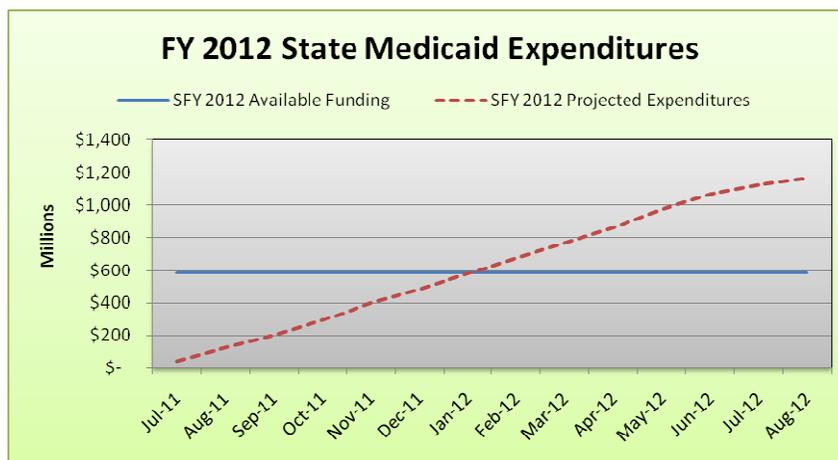
The SFY 2011 Medicaid deficit estimate has been revised downward from \$15 million to \$5 million as a result of year-to-date spending activity. The primary contributors to this decline were lower remedial services utilization and a reduction to Medicare premium payments. Historically, the annual increase in remedial

services spending has averaged nearly 30%. Based on year-to-date activity, the SFY 2011 increase in remedial spending is estimated at only 3%. This adjustment to expenditure growth reduced the year-end deficit estimate. Regarding the premium payments; Iowa Medicaid pays the Medicare premiums for over 70,000 indi-

viduals dually-eligible for both Medicaid and Medicare. Final 2011 Medicare premiums were published in October, and were significantly lower than previous estimates. This also resulted in a reduction to the year-end spending estimate.



Medicaid Projections: FY 12 Budget Gap of Nearly \$600 Million

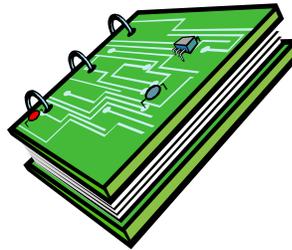


While spending in SFY 2011 is tracking closely to available revenue, the story is different in SFY 2012. The loss of one-time state funding reduces the revenue available to finance Medicaid in SFY 2012 by over \$250 million. This is compounded by the expiration of Federal stimulus dollars, which is expected to increase state spending by nearly \$200 million. The combination of these factors, coupled with normal Medicaid spending growth, has created a SFY 2012 budget gap of nearly \$600 million.

Understanding New Projects at the IME

Iowa Medicaid has an unusually large number of new projects in the works in addition to the more highly publicized Affordable Care Act implementation. This series called "Understanding New Projects at the IME" will pro-

vide an overview of six of these complex projects. This month we will explore the upgrades to the National Council for Prescription Drug Programs (NCPDP) standards for pharmacy claims.



Understand the Terms

Subrogation is the process, performed by all Medicaid programs, when another payer should have been billed first and that payer is subsequently billed to reimburse Medicaid.

Standards for Pharmacy Claims (Second in a Series)

When Congress passed the Health Insurance Portability and Accountability Act (HIPAA) in 1996 they required the U.S. Department of Health and Human Services (HHS) to establish national standards for health care transactions which they did for the first time in August 2000. Standards are necessary to support the billions of transactions that occur annually between health care providers and payers. The benefits of standards include increased patient safety, efficiency and effectiveness. Standards encourage electronic data transactions which can create savings and simplify processes. Health care industries, pharmacy in particular, are evolving at a rapid pace. In order to keep pace with the changes standards are periodically updated. This is the case with the standards regarding pharmacy claims. A core standard is one which provides details for subsequent

standards. In the pharmacy sector, the core standard for prescription claims processing is NCPDP's "Telecommunication Standard". NCPDP is the not-for-profit organization that has set the standards for the pharmacy industry in the U.S. for over 30 years. The "Telecomm" Standard was initially released in 1988 as the first common definition for data transmission that supports real-time eligibility verification, claims submission and claims adjudication with messaging from the health plan. At the time of the August 2000 HIPAA Final Rule, Version 5.1 of the standard had just been published by NCPDP and was adopted by the rule. In January 2009, a long-awaited Final Rule was issued which required that the HIPAA transaction standards named in 2000 be upgraded by January 1, 2012. This brought about not only the need to perform health care system upgrades for ASC

X12 Version 4010 transaction to Version 5010 (as discussed in last month's newsletter) but also includes an upgrade for the NCPDP Telecommunication Standard to Version D.0. Some of the main changes required by D.0 will encourage clarification and consistent implementation of rules, accommodate increased volumes of prescription drug dispensing and clinical activities at retail pharmacies, support new and evolving business needs and improve data available for Coordination of Benefits (COB) claim processing. One lesser known fact is that this rule added a new transaction, subrogation, to the list of those regulated under HIPAA. Since upward of 98% of all pharmacy claims are submitted and verified as payable in real-time, eligibility changes are slower to arrive, thousands of these claims are paid by Medicaid each day before they know that another payer was

obligated to pay first. In order to expedite the reimbursement of Medicaid programs for these millions of dollars each year, the NCPDP Medicaid Subrogation Standard Version 3.0 is also required to be installed and in use by all health plans covered under HIPAA rules by January 1, 2012. (Small health plans are allowed a one-year extension.) The majority of the work done at Iowa Medicaid to implement the standards will be conducted by the Pharmacy Point of Sale vendor, Goold Health Systems. Besides the need to update the two fundamental Iowa Medicaid computer systems that use pharmacy data, Medicaid Management Information System (MMIS) and the Data Warehouse, additional efforts at the IME will focus on improving the capture and use of the data elements for data analytics.

Home and Community Based (HCBS) Waivers: Story of Katie Beckett

In the early 1980's an infant in Iowa named Katie Beckett changed the course of Medicaid for the entire country. At the age of 5 months, Katie Beckett contracted viral encephalitis. She spent the next 3 1/2 years in a hospital due to the need to use a ventilator and compressor. Her

parent's \$1 million health insurance policy ended for Katie, and she was not eligible for Medicaid, at the time, because of her parents income. Katie's parents appealed to the Iowa Legislature to develop a waiver that would reimburse the cost of providing services for Katie in her own home. The Iowa

Legislature responded and in 1984 established the first HCBS Waiver, the III & Handicapped Waiver. President Reagan intervened at the time to push for a change in the federal rules. Katie Beckett is now in her 30's and is an advocate for disabled children. In mid-

November National Public Radio did a story about Katie who was in Washington, D.C., to celebrate the 75th Anniversary of the Social Security Act. You can read the story at the link below:

National Public Radio: Katie Beckett Patient Turned Home Care Advocate by Joseph Shapiro, November 8, 2010

<http://www.npr.org/templates/story/story.php?storyId=131145687>

The strong advocacy of her parents and the strength and determination of Katie Beckett resulted in her ability to function in her community and enabled thousands of other individuals to do the same."

*Sue Stairs,
Program Manager
HCBS Waivers*

Better Understanding of HCBS Waivers: III & Handicapped Waiver (Second in a Series)

The III & Handicapped Waiver, otherwise known as the IH Waiver, is the first and oldest of the waiver programs. Established in 1984, the program provides services for persons who are blind or disabled. Participants must be less than 65 years of age (those over age 65 may be eligible for the Elderly Waiver which will be discussed in a future edition). IH Waiver services are individualized to meet the needs of each member. Before being determined

to be eligible for waiver services, individuals must meet one of three levels of care that include nursing facility, skilled nursing facility or intermediate care facility for persons with mental retardation (ICF/MR). The following services are available under the waiver: adult day care, consumer directed attendant care, counseling, home and vehicle modification, home delivered meals, home health aide, homemaker services, interim medical monitor-

ing & treatment, nursing services, nutrition counseling, personal emergency response and respite (temporary relief for the usual caregiver). Currently there is funding for 3,163 individuals. There are 2,418 individuals currently approved with 544 slots pending approval. Even though progress has been made in reducing the waiting list in FY 10, there remains a waiting list of 1,705 individuals.



Learn more about the III and Handicapped Waiver:

<http://www.ime.state.ia.us/docs/IHPacket.pdf>

Correction:

The November Endeavors Update incorrectly listed the Remedial Services Program (RSP) in the list of Waiver programs. Remedial Services for Children and Adolescents with mental health needs is a regular Medicaid program, not a Waiver program. We apologize for the confusion.

A future newsletter will explore the RSP program in further depth.





Iowa Medicaid programs serve Iowa's most vulnerable population, including children, the disabled and the elderly.

We're on the web!

<http://www.ime.state.ia.us/>

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The Iowa Medicaid Enterprise (IME) is an endeavor, started in 2005, to unite State staff with "best of breed" contractors into a performance-based model for administration of the Medicaid program.

The Medicaid program is funded by State and Federal governments with a total budget of approximately \$4.2 billion. The \$4.2 billion funds payments for medical claims to over 38,000 health care providers statewide.

Iowa Medicaid is the second largest health care payer in Iowa. The program is expected to serve over 656,000 Iowans, or 21% of the population in State Fiscal Year 2012.

Reminder

Link to IME Medical Director's Medical Minute Column at:

<http://www.ime.state.ia.us/Providers/Newsletters.html#search='dr. kessler'>

This month's column is entitled "Medical Home for the Holidays"

In December the IME Social Committee collected gloves, hats and scarves for children at Stowe Elementary in Des Moines.



This update is provided in the spirit of information and education.

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